RECENT TENDENCIES IN STATE BANKING REGULATION[1]

GEORGE E. BARNETT

Associate Professor of Political Economy, Johns Hopkins University.

THE banking question in the United States includes at least two problems. The more serious of these is the prevention of panics, such as those which occurred in 1893 and 1907. A less urgent, but important, problem is the minimizing of losses through bank failures. The two problems are not entirely distinct since panics, directly and indirectly, have been responsible for many of our bank failures, but the two may be considered as separate since most bank failures are due, not to the breaking down of the general credit structure, or the resultant depreciation in values, but entirely to causes peculiar to the particular institutions involved.

One of the great advances made by the national-bank act over the antebellum state banking laws lay in the superiority of those of its provisions which were designed to prevent the failure of banks and to minimize the loss to depositors consequent upon failures. Important amendments were made to the administrative features of the act in 1873 and 1876, which greatly increased its efficiency in this respect. Since the latter date, the national-bank act has remained essentially unchanged as far as its provisions for the regulation of banks are concerned.

When the state legislatures began about 1887 to build up anew their systems of bank regulation, they followed, although at a distance, the general plan of the national-bank act. Until very recently, the state banking laws might have been correctly described by saying that they represented all degrees of approximation to the national-bank act. Many of the state banking laws are still very far from rivaling the national-bank act in the

[1] The material used in the preparation of this paper was collected for the National Monetary Commission, and will be published in more detailed form in the publications of the Commission.

protection given to depositors. In some states no attempt has been made to secure the safety of deposits by the regulation of banks. In Arkansas, for example, state banks are incorporated on the same terms as other business corporations, the banks are not examined, and no power of supervision is given to any state official. Moreover, in very few, if any, of the states are the regulatory features of the banking laws in all particulars as well designed to secure the safety of deposits as those of the national-bank act. Within the last three or four years, however, the banking laws in several states have been amended with the avowed aim of making better provision for the safety of deposits than is made by the national-bank act.

These innovations have been of two different classes. In five states, since the panic of 1907, the legislatures have adopted, as the basis of their plans for securing the safety of bank deposits, some form of insurance, or guaranty of deposits through funds administered by the state. These laws have been fully described in two admirable papers recently published in the *Quarterly Journal of Economics* by Mr. Thornton Cooke,[1] and need not engage us here. The panic of 1907 was also largely responsible in many states for the general overhauling of the regulatory features of the banking laws. In some of these, the laws were merely assimilated more nearly to the national-bank act, but in others, important modifications in the plan of that act were made in the belief that the safety of deposits would thereby be better secured.

It is the purpose of the present paper to describe those provisions of the existing state banking laws which represent deliberate attempts to improve upon the regulatory features of the national-bank act. The most important of these may be discussed under the following heads: (1) the form of the capital requirement; (2) the restoration of impaired capital; (3) loans to officers and directors; (4) examinations by directors; (5) the power to authorize the incorporation of new banks; (6) the power to direct the discontinuance of unsafe and unauthorized practices.

[1] *Quarterly Journal of Economics*, November, 1909, and February, 1910.

THE FORM OF THE CAPITAL REQUIREMENT

The requirement that each bank shall have a specified minimum capital is fundamental in the systems of regulation laid down in the national-bank act and in the state banking laws. The capital of the bank is regarded as a buffer interposed between the bank's creditors and losses which the bank may suffer. If there is no capital or if the capital is small, losses may fall directly on the depositor, and the larger the capital stock, other things being equal, the less the likelihood of loss to the depositor.

Under the national-bank act the amount of capital required is graded according to the population of the place in which the bank is located. A very large number of the state banking laws have similar requirements. The grading of the required capital according to population has been due chiefly to the desire to bring about some adjustment between the capital of the bank and the volume of its business. It is assumed that the larger the business of the bank the greater the chance of its suffering large losses and the larger the capital necessary to protect its depositors against loss. It is also assumed that the size of the city in which the bank is located is a rough index of the amount of business done by a bank.

The grading of the amount of capital required according to the population of the place in which the bank is located is evidently a very crude way of securing a proportion between capital and volume of business. The elaboration of the scale is of some service, but there remain differences in the volume of business transacted in places of the same size and more important differences in the amount of competition which different banks must meet. In a few of the state banking laws the requirement as to capital is graded according to some more exact criterion of the amount of business done by the bank. The earliest attempt to apply this principle is found in the Iowa savings-bank law of 1874. The capital of banks incorporated under that act was fixed at $10,000, but it was provided that such banks might receive deposits only to the amount of ten times their capital[1]. If a bank secured deposits to a larger

[1] Iowa (1874), ch. 60, sec. 7.

amount, it was required to increase its paid-up capital. The efficacy of this provision has been much impaired by two amendments. In 1900 banks were allowed to count their surplus as part of their capital in making up the required capital;[1] and in 1902 the requirement was modified so as to demand a capital and surplus equal only to one-twentieth of the deposits[2].

A more important experiment in the same direction was made in Kansas from 1897 to 1901. In 1897 the legislature of that state, convinced of the desirability of grading in some way the requirement as to capital, enacted that the total investments of any bank, exclusive of United States bonds, should not exceed four times the capital and surplus actually paid in.[3] The purpose and operation of this clause was thus described by the Kansas bank commissioner:[4]

> One provision, which produced the greatest opposition, was the section which limited the total investments of every bank to four times its capital and surplus. The theory upon which the adoption of this section was urged was that a bank's capital should bear some proper proportion to the volume of business transacted by it; and there being no possible way by which the amount of deposits could be restricted, the idea of restricting the investments appeared to be not only possible but wise. It was argued in support of the proposition that it would result in an increase in the capital of small banks, thereby giving greater protection to depositors; that it would not be a difficult matter to procure additional capital when, for each $1,000 thus invested, the bank could invest $4,000, and above all, that banks should be content with receiving an income of $4 for every dollar invested. The operation of this section has resulted in nearly 100 banks increasing either their capital or surplus. Many have carried their entire earnings to surplus, thereby adding to the strength of the bank and the security of depositors.

The law was repealed against the objection of the commissioner in 1901,[5] and in 1908 a scale graded according to population was adopted.[6] In 1909, however, it was enacted that no

[1] Iowa (1900), ch. 67. [2] Iowa (1902), ch. 167. [3] Kans. (1897), ch. 47, sec. 9.

[4] *Report of Kansas Bank Commissioner*, 1897–98, p. viii.

[5] Kans. (1901), ch. 64. [6] Kans. (1908), ch. 15.

bank might accept deposits in excess of ten times its paid-up capital and surplus.

Within recent years seven other States—California, Nevada, Oklahoma, South Dakota, Texas, Nebraska and Rhode Island—have adopted similar methods of determining the amount of capital required. In California, by the act of 1909, a graded scale, ranging from $25,000 in cities of 5,000 population or less to $2,000,000 in cities of over 25,000 population, was replaced by a requirement of $25,000 for all banks, together with a requirement that the "aggregate of paid-up capital, together with the surplus, of every bank must equal 10 per cent of its deposit liabilities." If the deposits reach this proportion, the bank must either increase its capital or refuse to receive additional deposits.[1] In 1908 the legislature of Oklahoma gave authority to the bank commissioner to fix the proportion between capital and deposits, and in 1909 it was provided that no bank should receive deposits in excess of ten times its paid-up capital and surplus.[2] In South Dakota the proportion of capital and surplus to deposits must be 1 to 15;[3] in Rhode Island, 1 to 10.[4] In Texas a much more complicated arrangement has been introduced. On November 1 of each year the average daily deposits of the preceding year are computed. If the bank has a capital stock of not more than $10,000 and its deposits are more than five times its capital and surplus, the bank must increase its capital stock 25 per cent within sixty days, or keep its deposits within the prescribed limit. Similar provisions are made for banks of larger capital, but the proportion of deposits to capital and surplus is increased for banks of larger capital until in the case of banks with a capital of $100,000 or more the proportion allowed is 10 to 1. The Nevada and Nebraska banking laws provide that "loans and investments, exclusive of reserve, banking house, and fixtures," shall not exceed eight times the amount of capital and surplus.

In Kansas, Nebraska, Nevada, Oklahoma, South Dakota,

[1] Calif. (1909), ch. 76, sec. 19.

[2] Okla. (1908), p. 126; (1909), pp. 120, 121.

[3] S. Dak. (1909), ch. 223, art. ii, sec. 1.

[4] R. I. (1908), ch. 1590.

and Texas, the requirement that capital shall be in a certain proportion either to deposits or to loans is coupled with a capital requirement graded according to population. In California it is coupled with a flat minimum requirement. In Rhode Island the board of bank incorporation determines the amount of capital required for the incorporation of a bank.

The adjustment of the amount of capital required according to population serves another purpose, however, besides preserving roughly a proportion between the amount of capital and the amount of business, in that it also acts as a check on excessive competition. A requirement graded entirely or chiefly according to deposits or loans does not accomplish this end. For instance, if the capital required to establish a bank in a city of 3,000 population is $50,000, there will usually be only one bank in a place of that population, since there is not enough business to make it profitable for two banks to incorporate with that amount of capital. Under the California law of 1909 a bank with commercial and savings departments may be organized in any California town or city, even in San Francisco or Los Angeles, with a capital of $25,000. Competition is much freer under such a requirement than under a requirement graded according to population. Undoubtedly, the number of banks will be somewhat larger. The supervisors of banks in the different states appear to be in fair agreement that such a multiplication of banks is undesirable from the standpoint of safety and economy. It is likely, therefore, if requirements as to capital based directly on some index of business are introduced widely in the state banking laws, that they will, as in most of the laws now in force, supplement and not supplant the requirements graded according to population.

RESTORATION OF IMPAIRED CAPITAL

The period allowed for the restoration of capital under the national-bank act is three months. In a considerable number of the state banking laws which provide for the assessment of stockholders in case of impairment of capital the period is fixed at sixty days and in a few at thirty days. In the more recent laws, however, no period is specified, the supervisors having

power to fix the time, which may vary according to the condition of the bank[1]. Only in Florida and New Mexico is the period allowed as long as under the national-bank act.

LOANS TO DIRECTORS

The national-bank act contains no provisions regarding loans to directors, but in the banking laws of about one-half of the states attempts have been made to devise rules which would prevent the making of loans to directors in excess of the amount to which their credit entitles them. The provisions in the state banking laws concerning loans to directors may be resolved into three classes: (*a*) the requirement that a majority two-thirds, or all of the board of directors shall approve such loans; (*b*) a limitation on the amount of loans to directors more stringent than that on loans to other persons; and (*c*) the requirement that loans to directors shall be secured. Two or all three of these are combined in the banking laws of some states, but the requirement that loans to directors shall be formally approved by the board of directors is the one most frequently found. It has been thought that directors would be reluctant to vote for excessive loans to other directors if their vote is to be recorded.

In most of the states the provisions relating to loans to active officers of the bank are identical with those relating to loans to directors, but in some states they are more stringent. In three states—California, Nebraska, and Oklahoma—the active officers of a banking institution may not borrow from it. In Connecticut, banks and trust companies may not "discount any paper made, accepted, or indorsed by any of their executive officers or clerks." The desirability of forbidding banks to make loans

[1] The comptroller of the currency in his testimony before the National Monetary Commission recently said: "I think a bank that has an impaired capital ought to be made to make it good at once . It is rather a disgraceful condition of affairs now, and has always been since the national-bank act was passed forty-five years ago, to allow a bank to run along with an impaired capital and still continue to take people's money."—*Suggested Changes in the Administrative Features of the National Banking Laws*, National Monetary Commission (61st Cong., 2d sess., Senate doc. no. 404), pp. 229–230.

to their active officers has recently been urged by the Wisconsin special committee on banking[1].

EXAMINATIONS BY DIRECTORS

A considerable number of states in recent years have made provision for the examination of state banks at intervals by their directors. The chief purpose in providing for such examinations is to keep the directors informed as to the character of the loans and investments of the bank.[2] It is a matter of complaint by the state supervisors, as well as by the comptroller of the currency, that the greater part of the bank failures result from the neglect by directors of their duties. In his testimony before the National Monetary Commission, Comptroller Murray recently said: [3]

> In going over the records of the 500 banks that have failed, it is shown that nearly all of them, except those where there were defalcations and stealing, have failed because the directors have paid no attention to the banks at all, but have just left them drift until they actually became insolvent. The history of the office shows that no bank that has lived within the law, or where the directors have required the executive officers to stay within the law, has ever failed, and I believe one never will fail.

The result of neglect on the part of the directors frequently is that the bank officials or a coterie of interested directors misapply the funds of the bank.[4]

A secondary but important purpose in some of the states in providing for such examinations has been to secure a valuation

[1] *Report of the Wisconsin Special Committee on Banking*, 1910, p. 20.

[2] In order to bring the affairs of the bank under the observation of the directors, provision has been made in Michigan (1909, ch. 193) and New York (1909, ch. 155) that the directors or a committee of the directors at regular monthly meetings shall examine all loans and investments made since the last meeting.

[3] *Suggested Changes in the Administrative Features of the National Banking Laws*, National Monetary Commission (61st Cong., 2d sess., Senate doc. no. 404), p. 280.

[4] In order to insure as far as possible that the directors shall be financially interested in the welfare of the bank, the banking laws in a majority of the states provide that directors must be the bonafide owners of a specified number of shares.

of the bank's assets by the directors. As has been noted above, the central point in the regulation of banking in all the states is the rule requiring the maintenance of a specified capital, and the chief purpose in the examination of banks is to ascertain whether capital has been impaired. The bank examiner, with the advice and guidance of his official superiors, must therefore value the assets of the bank in order to ascertain whether they are of the value at which they are carried on the books of the bank, and in making such a valuation, the sworn valuation of the directors is of great service.

In 1910 the banking laws of 19 states—California, Georgia, Iowa, Kansas, Michigan, Mississippi, Minnesota, Nebraska, Nevada, New Hampshire, New York, New Jersey, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Virginia, and Wisconsin—require the directors or a committee of the directors of a state bank to make an examination of the bank. In Missouri a committee of shareholders, elected as the shareholders decide, must make an examination. In most of the states examinations must be made at least twice a year, but in several states they must be made quarterly, and in others, annually.

In nearly all of the states which provide for the examination of banks by their directors, a report of the examination must be forwarded to the state supervisor; but in some of the states it is required only that the report shall be spread on the minutes of the board for the information of the supervisor or his examiner, and in three states—Virginia, Tennessee, and Nebraska—there are no provisions even for recording the result of the examination.

The character of the report which is to be made is not explicitly defined in some of the states. In Mississippi, Kansas, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, Virginia, and Tennessee it is provided merely that the directors are to make a thorough examination of the affairs of the bank. In Iowa and New Hampshire the report of the examination is made on blanks furnished by the supervisor, and must therefore cover all matters concerning which he desires information. In the remaining states which require such examinations the laws make explicit provision as to the character of the report. The

provision inserted in the New York banking law in 1905, which has been the model for most of the recent legislation of the same kind, requires, for instance, that the report "shall contain a statement in detail of loans, if any, which in the opinion of the directors are worthless or doubtful, together with their reasons for so regarding them, also a statement of loans made on collateral security, giving in each case the amount of the loan, the name and market value of the collateral, if it has any market value, and, if not, a statement of that fact and its actual value as nearly as possible." Similar provisions are found in the banking laws of California, Georgia, Michigan, Minnesota, Missouri, South Dakota, and Wisconsin.

Nearly all the laws providing for the examination of banks by their directors have been passed in recent years, and it appears likely that such examinations will shortly become a customary feature of the state banking laws. The committee on uniform laws of the National Association of State Bank Supervisors recommended in 1908 the enactment of similar laws in other States, and the recommendation was approved by the convention.[1]

POWER TO AUTHORIZE THE INCORPORATION OF NEW BANKS

The national-bank act confers authority upon the comptroller to withhold his certificate when it has been ascertained that the association has been organized for purposes other than those contemplated by the act. Also the organization of associations with a capital of less than $100,000 is subject to the sanction of the secretary of the treasury. Within the past two or three years the comptroller of the currency has been more careful than formerly in the scrutiny to which he subjects proposed incorporations of national banks. In his report for 1909 the Comptroller said:[2]

[1] *Proceedings of the Seventh Annual Convention of the National Association of Supervisors of State Banks*, pp. 21, 36. For an adverse opinion as to the probability of thus securing the interest of directors, see *Suggested Changes in the Administrative Features of the National Banking Laws*, National Monetary Commission, (61st Cong., 2d sess., Senate doc. no. 404), p. 356.

[2] *Report of the Comptroller of the Currency*, 1909, p. 17; see also *Proceedings of the Eighth Annual Convention of the National Association of Supervisors of State Banks*, 1909, p. 109.

To avoid the formation of associations for ulterior purposes or by those lacking the qualifications necessary to the successful conduct of the banking business, or in a place the population and business of which are insufficient to warrant the establishment of a national bank, the comptroller, upon receipt of an application to organize, causes a special investigation to be made, the results of which determine the favorable or unfavorable action.

One of the purposes in many of the states in abandoning the incorporation of banks by special act was to do away with favoritism in the granting of charters. The conditions for incorporation laid down in most of the general banking laws are of such a kind that the act of the state officials in issuing charters is purely formal. In several states, however, power has recently been conferred on the supervisors to exercise more or less discretion in authorizing the incorporation of new banks. In some of these states the powers thus conferred upon the supervisors are apparently broader than those explicitly conferred upon the comptroller of the currency. In North Dakota, Ohio, Michigan, South Dakota, West Virginia and Wisconsin the supervisors have power to refuse authorization if the bank is formed for other than the legitimate business contemplated by the banking law. In Minnesota the supervisor must be satisfied that the bank has been organized not only for legitimate purposes, but also " under such conditions as to merit and have public confidence." In Nebraska the state banking board must satisfy itself, before granting a license, that the incorporators are persons of integrity and responsibility. In Illinois the auditor may withhold the certificate of incorporation, " when he is not satisfied as to the personal character and standing of the officers or directors, or when he has reason to believe that the bank is organizing for any other purpose than that contemplated by this act." In California and New York the supervisors are required to inquire " whether the character and general fitness of the persons named as stockholders are such as to command the confidence of the community in which such bank is proposed to be located." These provisions are intended to give the supervisors power to prevent the formation of banking associations for illegitimate or fraudulent purposes and to

prevent the formation of such associations by irresponsible and inexperienced persons.

In a few states the banking laws give the supervisors still larger discretionary powers with reference to the authorization of new banks. In Rhode Island the board of bank incorporation must give a certificate that "public convenience and advantage will be promoted" by the establishment of any proposed bank before a charter is granted. In New Jersey the Commissioner of banking and insurance approves the certificate of incorporation of a bank, if it appears to him that the establishment of such a bank will be of public service. In South Dakota the public examiner may refuse a certificate if the business of the town or city in which the proposed bank is to be located does not warrant the incorporation of another bank. In Oklahoma the bank commissioner has refused to issue certificates of incorporation for banks when he considered the business of the town in which the proposed bank was to be located insufficient to support an additional bank[1]. In New York the superintendent of banks has had power since 1908 to refuse a certificate of incorporation to a bank if in his opinion the public convenience and advantage would not be promoted by its establishment.

Considerable difference of opinion appears to exist as to the desirability of conferring power to refuse authorization for the establishment of new banks in cities or towns where the supervisor regards the banking facilities as already ample. The New York special commission on banks in 1907 favored strongly the conferring of such powers on the superintendent of banks. They said:

It has sometimes happened that banking institutions have been organized for no better purpose than to give employment to the parties bringing about the organization, without regard to the need of the locality. Because of the very high price that the stock of successful banks has commanded, institutions have been organized by promoters whose apparent ultimate object was to realize a profit by selling the same after organization was completed.

[1] *Proceedings of the Eighth Annual Convention of the National Association of Supervisors of State Banks*, 1909, pp. 85, 89.

At the seventh annual session of the National Association of the Supervisors of State Banks in 1908, the committee on uniform laws recommended that supervisors should be given authority to decide whether the proposed incorporators of a bank are proper persons to conduct a banking business, and also whether "any need of such a bank exists in the locality in which it is proposed to establish it." The recommendation was eliminated from the report as adopted, apparently because many of the supervisors were opposed to vesting in the supervisors any power to determine the need of a community for additional banking facilities.[1] On the other hand, the supervisors in several of the states have recently urged that they be given such powers.[2] In his report for 1909, the secretary of the state banking board of Nebraska said:

> There is one feature of the present situation in this state to which I desire to call your attention and for which there seems at present no adequate remedy, and this is the establishment of banks where banking often results in two or three, or more, weak or poorly-paying banks where fewer would be stronger and safer and meet all the requirements. Your honorable board should have the same privilege as the comptroller of the currency in the supervision of national banks. You should have a legal right, when application is made for a charter for a bank, to decide on the qualifications, the financial ability, the past record of the proposed management, and to determine whether or not the community where the proposed bank is to be established justifies the venture. Repeated instances coming to this department clearly indicate the necessity of some step in this direction.

POWER TO DIRECT THE DISCONTINUANCE OF UNSAFE AND UNAUTHORIZED PRACTISES

The national-bank act confers upon the comptroller of the currency power to appoint a receiver for an insolvent bank, for a bank which does not restore an impaired capital within three months, or for a bank which fails to keep the reserve required

[1] *Proceedings of the Seventh Annual Convention of the National Association of Supervisors of State Banks*, 1908, pp. 18, 34.

[2] *Fourth Annual Report of the Bank Commissioner of Idaho*, p. 5; *Report of Public Examiner of Minnesota*, 1907-8, p. viii.

by the act. For violation of certain specific provisions in the act with reference to the conduct of business, *e. g.*, the making of an excessive loan, the comptroller may cause to be instituted a suit for depriving the bank of its franchise. The comptroller has no power, however, to put an end to practises not explicitly forbidden in the national-bank act. He may remonstrate and warn the bank, but he cannot enforce his warnings.

Within the past few years there has been a growing tendency to give the state bank supervisors power of a much more indefinite and discretionary character. Authority to "direct the discontinuance of unsafe and unauthorized practises" or similar powers have, in 1910, been conferred on the supervisors in Arizona, California, Iowa, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Washington, and Wisconsin. The provision in the California law of 1909 is typical of the provisions in those states in which the largest powers in this respect have been conferred upon the supervisors. It reads as follows:

> If it shall appear to the superintendent of banks that such bank is conducting business in an unsafe and injurious manner, he must . . . direct the discontinuance of such unsafe and injurious practises. Such order shall require such bank to show cause, before the superintendent of banks at a time and place to be fixed by him, why said order should not be observed. If upon such hearing it shall appear to the superintendent of banks that such bank is conducting business in an unsafe or injurious manner, or is violating its articles of incorporation or any law of this State, then the superintendent shall make such order of discontinuance final, and such bank shall immediately discontinue all practises named in such order by the superintendent of banks.

There appears to be general agreement among the state supervisors that such an extension of authority is desirable. The grounds for this view have been set forth clearly in recent official and semi-official reports. In his report for 1907 the New York superintendent of banks said:

> Among the causes contributing to the suspension of the closed institutions was a lack of supervisory power in the superintendent of banks. In some cases the department has called attention to practises which

were considered to be unsafe, but without avail. We believe that if the superintendent of banks had had the authority to enforce a discontinuance of such practises several of the state institutions now closed would not have found it necessary to suspend . . . It is true that he (the superintendent) may address his communications of criticism to offending corporations, but this method of correction is the practical limit to which he may go until conditions have reached such a point as to require his taking possession of the bank or trust company when it shall appear to the superintendent that it is unsafe and inexpedient for such corporations to continue business.

The laws conferring upon the supervisors authority to direct the discontinuance of unsafe practises have been enacted in most of the states so recently that it is not possible to obtain any comprehensive view as to how that power will be used. The following statement issued by the California superintendent of banks late in 1909 probably indicates in a general way the character of the "unsafe practises" which are being repressed by the supervisors:

The framers of the act of 1909 wisely recognized the absolute necessity for centralization of administrative power in one man, a superintendent of banks, and conferred upon the superintendent ample authority for the enforcement of necessary regulations. It is useless to prescribe remedial measures without at the same time conferring ample authority for their proper enforcement. The most striking illustration of this is the power conferred upon the superintendent to direct the discontinuance of harmful and injurious practises. By virtue of the same he has, among other things, directed the discontinuance of the practise of creating indebtedness on overdrafts, an old and vicious custom prevalent in many sections of the state; directed the holding of monthly meetings of boards of directors and their proper assumption of responsibility in the management of the bank's affairs, his position in this matter being greatly strengthened by similar directions of the comptroller of the currency, the bonding of officials responsible for the handling of funds, the insurance of bank premises, etc.